REMARKS

This paper is responsive to the June 12, 2009 Nonfinal Office.

Claims 1-29 were previously pending in this application. No claims are amended herein. Accordingly, Claims 1-29 are presented herein for further consideration as originally filed or as previously presented in view of remarks submitted herein.

General comments in response to June 12, 2009 Office Action

The June 12, 2009 Office Action is generally separated into two portions. In sections 4-16 on pages 2-6, the Office Action responds to Applicant's remarks in Applicant's March 12, 2009 submission. Applicant addresses sections 4-16 in the following paragraphs.

In sections 17-40 on pages 7-17, the Office Action rejects the claims based on the same or substantially the same arguments as the rejections in the December 15, 2008 Final Office Action, except for the following:

The rejection of dependent Claim 2 is now grouped with the rejection of Claims 1, 5 and 29 based on Hall and Bandemer; and

The rejection of dependent Claim 3 is now grouped with the rejection of Claims 4 and 19-22 based on Hall, Bandemer and Lawrence.

In view of the reiteration of the previous rejections, Applicant will rely on the previous arguments as to the claims where the stated bases for the rejections have not changed. The rejections of Claims 2 and 3 will be addressed at the end of this response.

Applicant's response to "Response to Applicant's Remarks"

Section 4:

Section 4 of the June 12, 2009 Office Action states that the rejection of Claims 1-29 under 35 USC § 112 have been withdrawn. Applicant thanks the Examiner for the positive consideration of the amendments.

Sections 5-16:

Section 5 of the June 12, 2009 Office Action states: "<u>In response to Applicant's arguments </u>regarding Examiner's motivation to combine cited references for claims 1-29, Examiner reiterates the argument provided in the March 9, 2009 Advisory Action."

Applicant respectfully submits that the reiteration of a previous argument is not a <u>response</u> to Applicant's arguments. In particular, a mere statement of a test for obviousness in the Advisory Action does not constitute a showing that the Examiner has properly applied the test to establish obviousness. Rather, as set forth in the previous response and as emphasized in the following paragraphs, Applicant respectfully submits that the Examiner has not shown that:

1.   the claimed invention is merely a combination of old elements;

2.   in the combination each element would have performed the same function as it did separately; and

3.   one of ordinary skill in the art would have recognized that the results of the combination were predictable.

The claimed invention is not merely a combination of old elements

The Examiner cites pieces of various unrelated references to find "elements" that purportedly correspond to the claimed invention, and asserts that the pieces can be combined to produce the claimed invention. In making the rejection, the Examiner loses sight of the overall invention defined by each claim. For example, independent Claim 1 defines a computer-implemented method for generating a risk assessment of a builder. At the outset, it should be emphasized that the claimed method is directed to the selection of a subset of inspection checkpoints based in part on past construction defect claims for a builder to use to inspect current construction projects to generate a risk assessment for a <u>builder</u>. In contrast, the Hall system is used to inspect a ship or other structure to identify inspection points requiring maintenance and is then used to determine the order in which anomalies at the inspection points should be repaired. Also in contrast to the claimed invention, Bandemer is directed to the inspection of the units in a building project to identify current construction defects, followed by an

allocation of remediation costs among the various trades that were involved in the construction of the project as in Bandemer. Neither Hall nor Bandemer suggests the selection of a subset of inspection checkpoints to be inspected.

Unlike either Hall or Bandemer or any combination of Hall and Bandemer, the claimed method is directed to the generation of a risk assessment for a builder engaged in one or more current construction projects based in part on the frequency and costs of previous construction defect claims for the same builder to produce a ranking of inspection checkpoints for current construction projects. The cited references require the inspectors to inspect all inspection points or to choose which points to inspect based on experience and visual perception. In contrast, the claimed computer system selects a subset of the inspection checkpoints based on information that includes the rankings of the checkpoints based on previous construction defects for the same builder. The selected subset of the inspection checkpoints are used to inspect one or more construction projects of the builder. Thus, rather than inspect all the possible checkpoints for each construction project, the inspectors are guided to inspect the checkpoints that are more likely to yield significant results for the particular builder and the particular projects the builder has under construction. The results of the inspection based on the selected subset of construction checkpoints are recorded and then used to generate the risk assessment of the builder.

Hall does not teach or suggest using information about past construction defect claims to rank inspection checkpoints and to select a subset of the inspection checkpoints to use to inspect one or more construction projects of a builder. Rather, the PDA in Hall is initially loaded with information regarding the locations of inspection points based on the characteristics of the ship to be inspected. The inspector then visits the ship to carry out the inspection. When the inspector finds a problem at an inspection point, the PDA asks the inspector "to identify his present location and what kind of anomaly (damage) or condition that the inspector has found." (See paragraph [0041] at lines 11-15.) Based on the response from the inspector, the PDA provides drop down selections to indicate how a particular anomaly at a particular location is to

be judged. "The inspector then repeats the process for <u>each inspection point</u> and all the data is collected in the PDA." (See paragraph [0041] at lines 23-25.)

There is no suggestion whatsoever in Hall that the inspection points on the ship are ranked based on past construction defect claims against the builder of the ship or that a subset of the ranked inspection points are selected by a computer to be used to inspect the inspection points. Rather, paragraph [0041] states that the inspector repeats the process for <u>each inspection point</u> and that <u>all</u> the data collected is stored in the PDA.

Hall does describe an ordering process; however, the process is performed <u>after</u> all of the inspection points have been inspected. The ordering process produces an order of precedence for maintenance using a weighted scoring system based on the condition of each anomaly and the criticality of the inspection point. There is no suggestion that the ordering process is used to select a subset of the inspection points to use to inspect the ship. Rather, unlike the claimed system, which enables an inspector inspect only a subset of checkpoints selected for a particular builder and a particular project, the Hall system requires the inspector to inspect all of the checkpoints in the ship or other structure.

The citation of Bandemer does not provide the elements missing from Hall. Although the Examiner cites Bandemer for storing information about construction defects, the stored information is derived from observations entered onto observation management forms 56 by various inspectors and engineers who are inspecting a current project. (See column 9 at lines 44-52.) The information from the observation forms and photographs, sketches and annotated maps are entered into an observation management system 62. (See column 9 at lines 53-63.) The observation management system is then used to allocate the costs for repairing each of the defects that have been identified by the inspectors for the current project. (See column 9 at line 64 through column 10 at line 8.) Contrary to the Examiner's assertion, the construction defects described in Bandemer are current construction defects that have been found by the current inspections. There is no suggestion whatsoever that the inspectors in

Bandemer base their inspections on any subset of inspection checkpoints selected by ranking the inspection checkpoints from past construction defect claims for the builder. Rather, the construction defects in Bandemer are identified by the current inspection. The observation management system then allocates the costs of repair among the parties involved in the construction.

Neither the Hall system nor the Bandemer system discloses or suggests selecting a subset of the inspection checkpoints to use to inspect one or more construction projects of a builder, wherein the subset of construction checkpoints is selected by a computer system based on information that includes the rankings past construction defect claims and information reflective of the costs associated with past construction defect claims, as defined in the claims. Rather, in the systems disclosed in the two cited references, the inspectors select the locations to be inspected. Hall assists the inspector in characterizing anomalies <u>after</u> the anomalies are found by the inspector and processes the results to determine which anomalies to repair in which order. Bandemer provides a common inspection form for the inspectors to use to record the information about the defects found by the inspectors. The Bandemer system then processes the results of the inspections to allocate costs for repair. Neither reference selects a subset of inspection checkpoints generated in advance of an inspection to be used to guide an inspection. Thus, no combination of the two references discloses or suggests the elements of the claimed invention.

In the proposed combination, the elements of Hall and Bandemer would not perform the same function as they did separately

As discussed above, neither Hall nor Bandemer includes an element that ranks inspection checkpoints based at least on data about past construction defects and an element that selects a subset of inspection checkpoints to use to inspect one or more construction projects of a builder. Thus, combining the two references would not perform the ranking and selection functions unless an element of at least one of the references is modified to perform a function that the element did not perform before.

Furthermore, the two systems are incompatible and cannot be combined as proposed by the Examiner. The Hall system utilizes a PDA with drop down menus so that the inspector provides a uniform numerical evaluation of each anomaly found in the inspection. The evaluation may vary in accordance with the type of anomaly found. After the inspections are complete, the information from the inspections is processed to determine an order of precedence for maintenance based the inspector's numerical evaluation of each anomaly in view of a weighting of the criticality of each anomaly with respect to the safe operation of the ship. The maintenance of the ship is then performed in accordance with the order of precedence. The owner is concerned with the future risks associated with the anomalies. The owner of the ship is not concerned with identifying who has to pay for the maintenance and would not be interested in the cost allocation process of Bandemer.

In contrast to Hall, the Bandemer system provides observation forms to the inspectors, who simply enter the locations and types of defects observed during the inspections. The data and other information from the observation forms are processed with other information to determine the responsibility for each defect and an estimated cost for repairing each defect. The information is then used to allocate the costs of repair among the various parties involved in the construction of the project. Bandemer is not concerned about the order of precedence for repair. Furthermore, Bandemer does not appear to be concerned about a numerical evaluation of the severity of any particular defect. Thus, the drop down evaluation assistance provided by the PDA of Hall and the determination of order of precedence of maintenance generated by Hall appear to be of no value to Bandemer.

Applicant respectfully submits that no elements of Bandemer can be combined with elements of Hall wherein the elements in the resulting combination would perform the same respective functions that the elements performed before the combination.

If the Examiner persists in asserting this combination, Applicant respectfully requests the Examiner to provide a diagram (e.g., a flowchart) of the proposed

combination of elements from the two references in a form that corresponds to Applicant's claims.

One of ordinary skill in the art would not have recognized that the results of the combination were predictable

As set forth above, the combination of Hall and Bandemer would not result in a system in accordance with the method defined in any of pending claim; and the elements included in the proposed combination would not perform the same respective functions as the elements performed in the individual references. Furthermore, the results of combining Hall and Bandemer would not be predictable. The Examiner asserts that a person skilled in the art would predict that the combined references would produce a method in accordance with the pending claims; however, Applicant respectfully disagrees. One skilled in the art having knowledge of Hall and Bandemer would first have to have some motivation to combine the two references. The Examiner does not articulate any reason why such a person would want to combine any element of the Hall system with any aspect of Bandemer. As discussed above, Hall produces an order of precedence of maintenance for ship inspection points based on levels of deterioration and levels of criticality, and Bandemer allocates costs of repairs of construction defects among the parties involved in a construction project. Even if a person skilled in the art presented with the two references had tried to combine the two references, the result of any such combination would not have been predictable and would not have resulted in the claimed method. Regardless of which elements had been selected from the two references, the resulting combination would not have resulted in a system that selected a subset of inspection checkpoints to use to inspect one or more construction projects of a builder. In particular, neither reference includes an element that selects or that could be modified to select the checkpoints to use.

The only way that anyone would consider combining Hall and Bandemer in the manner proposed by the Examiner is to have the pending claims as a template to search for and selectively extract words and phrases from the two references. Nothing in either reference nor in the prior art in general would motivate a person of skill in the

art to perform any such search to combine elements of the two references in the manner proposed by the Examiner.

The rejection does not satisfy the requirements of *KSR*

Although the Supreme Court decision in *KSR* is being interpreted as broadening the rationales for supporting a conclusion of obviousness, the *KSR* decision still requires an examiner to clearly articulate the reasons why the claimed invention would have been obvious. This requirement is set forth in MPEP § 2141(III):

> The key to supporting any rejection under 35 U.S.C. 103 is the clear articulation of the reason(s) why the claimed invention would have been obvious. The Supreme Court in *KSR* noted that the analysis supporting a rejection under 35 U.S.C. 103 should be made explicit. The Court quoting *In re Kahn*, 441 F.3d 977, 988, 78 USPQ2d 1329, 1336 (Fed. Cir. 2006), stated that "'[R]ejections on obviousness cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.'" *KSR*, 550 U.S. at ___, 82 USPQ2d at 1396.

As set forth in the preceding paragraphs and in previously submitted arguments, the Office Action does not present clearly articulated reasons why the claimed invention would have been obvious at the time the invention was made. Rather, the Office Action only presents the results of searches for elements of the claimed invention. The cited elements of the references do not correspond to elements of the claimed invention. The cited elements cannot be combined in the manner proposed by the Examiner. Even if the elements could be combined in some manner, the resulting combination could not be caused to operate in accordance with the claimed invention. Furthermore, even if a person skilled in the art would have been presented with the cited prior art, there is no reason why a person would have put the pieces together in a manner that would result in the claimed invention. Nothing in the cited references or elsewhere in the prior art suggests any modification to the references to produce a system in which the previous construction defect claims and other information are used to rank inspection checkpoints and to select a subset of construction checkpoints to use to inspect a current construction project.

Applicant adopts Applicant's previously submitted arguments regarding Claims 1 and 4-29

The June 12, 2009 Office Action does not raise any new issues regarding Claims 1 and 4-29. Accordingly, Applicant adopts and reiterates the previously submitted detailed responses to the prior rejections as if copied herein in their entirety.

Response to current rejection of Claim 2

With regard to Claim 2, Section 20 of the June 12, 2009 Office Action states that "Bandemer further teaches wherein the input about the projects comprises information about a geographical location of the projects (Figure 2A)."

The statement is not supported by Figure 2A or any other portion of Bandemer. Figure 2A of Bandemer shows an elevation plan of a unit in a building. The field information form indentifies the street address of the unit, the building number and the unit number. The floor plan and the associated identification information for the unit is not "geographical location" information. The information has no relevance whatsoever to the geographical information used in the context of the claimed method of performing a risk assessment, wherein the location of the project determines weather, ground stability, building codes, and the like, which may affect the selection of the inspection checkpoints to be used during the inspection phase of the risk assessment.

Response to current rejection of Claim 3

With regard to Claim 3, Section 23 of the June 12, 2009 Office Action states that "Lawrence teaches wherein the input about the projects comprises information about construction methods and materials planned for the projects (paragraph 0048)."

The statement is not supported by paragraph 0048 of Lawrence:

[0048] Manufacturers, suppliers, architects, consultants, developers, or other professions related to building material, construction machinery, construction equipment, providers of support services, labor unions and other related parties can be included as part of the Construction Industry. Support services, can include, for example: architects, interior designers, engineers urban planners, landscaper designers, engineers and the like. Risk subjects can take into consideration the ability of the Construction Industry to be competitive through high quality output at a reasonable cost.

The first sentence in the cited paragraph of Lawrence defines the "Construction Industry." The second sentence defines "support services" included within the definition of the "Construction Industry." The third sentence states that the risk subject can consider the ability of the Construction Industry to be competitive. The Office Action does not present any reason for construing the cited paragraph as teaching or suggesting that "the input about the projects associated with the builder" as defined in Claim 1 comprises "information about construction methods and materials planned for the projects" as defined in Claim 3.

Claim 1 and dependent Claim 3 are not directed to an analysis of the "Construction Industry" as suggested by the citation of paragraph 0048 of Lawrence. Rather, as set forth in the preamble and the bodies of the claims, the claims are directed to a "computer-implemented method for generating a risk assessment of a builder." The information described in paragraph 0048 of Lawrence is not the same as the builder-specific information defined in the claims.

Submission of Declarations

Applicant is submitting herewith the Declaration of Stanley R. Luhr Submitted under 37 CFR 1.132 and the Declaration of Jeffrey J. Cook Submitted under 37 CFR 1.132 attesting to evidence of secondary considerations of nonobviousness. The Declaration of Stanley R. Luhr includes 15 attached exhibits in support of the statements in the declaration.

The declarations and exhibits were submitted on November 20, 2009, in Applicant's copending US Patent Application No. 10/900,734, and are being submitted herein under the caption of the copending application. The Examiner of the present application issued a November 27, 2009 Office Action in the copending application in which the Examiner indicates that the two declarations "have been duly considered, but are not persuasive regarding the rejection of claims 35 U.S.C. 103." Applicant respectfully submits that the declarations should be fully considered in the present application in view of the arguments presented herein and in further view of previously submitted arguments.

The declarations show that the system disclosed and claimed in the present application was responsive to a long-felt need to reduce the incidence of latent construction defects in the building industry.

As further set forth in the declarations, the system satisfied that need by analyzing (filtering) a plurality of construction checkpoints based upon information specific to a particular construction project to select a subset of the checkpoints. For example, the information may include the geographic location of the project, the type of structure being built, the complexity of building components, the quality of building components, history of deficiencies (past construction defects) in previous projects by the builder, and the codes and specifications applicable to the project. The selected subset of checkpoints is used to guide inspectors in order to locate and identify defects having a greater potential for occurrence and higher potential cost to prepare. The system enables an inspector to identify a particular defect during a construction phase when the defect can be corrected prior to being incorporated into and covered over by subsequent phases of a construction project, thus preventing the defect from becoming a latent defect.

As further set forth in the declarations, the system has been adopted by major U.S. home builders and commercial contractors. Furthermore, the value of the system in reducing latent construction defects is recognized by the largest construction liability insurers, and the system has been endorsed and mandated by the insurers.

As further set forth in the declarations, the use of the system has reduced the incidence of construction defects and has resulted in substantial savings to the home builders and commercial contractors.

In view of the attached declarations and in further view of the arguments presented in previously submitted responses to office actions, Applicant respectfully submits that the claims pending in the present application are patentably distinguished over the references cited in the office actions. Applicant respectfully requests allowance of the claims of the present application.

Request for Interview

Applicant respectfully requests the Examiner to contact Applicant's undersigned attorney of record to resolve any issues that may remain after the Examiner fully considers this response.

If only minor issues remain to be resolved after entry of this response, the Examiner is cordially invited to call the undersigned attorney at 949-433-2849 to resolve any such issues or to allow the undersigned attorney to schedule a personal interview with the Examiner.

Respectfully submitted,

Dated: __December 11, 2009__   By: ____/Jerry Turner Sewell/____
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